

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
Houston Division

MOR - 1

[1] Case Name: FIELDWOOD ENERGY LLC, et al.

Case Number: 20-33948

Month: August 2020

Petition Date: August 3 and August 4, 2020

in \$ thousands

MONTHLY OPERATING REPORT SUMMARY FOR AUGUST 2020

Month	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
REVENUES (MOR-6)	\$ 36,633					
INCOME BEFORE INT, DEPREC./TAX (MOR-6)	(6,701)					
NET INCOME (LOSS) (MOR-6)	(39,032)					
PAYMENTS TO INSIDERS (MOR-9)	154					
PAYMENTS TO PROFESSIONALS (MOR-9)	180					
TOTAL DISBURSEMENTS (MOR-8)	\$ 26,233					

[2]

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE		
Type of Insurance	Check Yes/No	Exp. Date
Named Windstorm and Operational Risk	Yes (X) No ()	5/31/2021
Workers Compensation	Yes (X) No ()	6/30/2021
Automobile Liability	Yes (X) No ()	6/30/2021
Non-Owned Aircraft Liability	Yes (X) No ()	6/30/2021
General Liability	Yes (X) No ()	6/30/2021
Umbrella and Excess Liability	Yes (X) No ()	6/30/2021
Oil Spill Financial Liability	Yes (X) No ()	6/30/2021
Commercial Crime Insurance	Yes (X) No ()	9/30/2020
Directors and Officers Liability (D&O)	Yes (X) No ()	6/30/2021
Kidnap and Ransom Insurance	Yes (X) No ()	12/17/2021
Cyber Risk	Yes (X) No ()	5/31/2021
Office Contents and Equipment	Yes (X) No ()	9/29/2020
ATTORNEY NAME:	Alfredo Perez	
FIRM:	Weil, Gotshal & Manges LLP	
ADDRESS:	700 Louisiana Street	
ADDRESS:	Suite 1700	
CITY, STATE ZIP:	Houston, TX 77002-2755	
TELEPHONE:	(713) 546 - 5040	

Are all accounts receivable being collected within terms? [3]

Are all post-petition liabilities, including taxes, being paid within terms?

Have any pre-petition liabilities been paid?

If so, describe: Payments made in accordance with First Day Orders

Are all funds received being deposited into DIP bank accounts?

Were any assets disposed of outside the normal course of business?

If so, describe:

Are all U. S. Trustee Quarterly Fee Payments current?

What is the status of your Plan of Reorganization ?

Plan discussions ongoing between the Company and various constituents

I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.

Signed:

(Original Signature)

Title:

Chief Financial Officer

Circle One

Yes	No
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Yes	No
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Yes	No
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Yes	No
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Yes	No
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Yes	No
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Notes:

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Dynamic Offshore Resources NS, LLC (0158); Fieldwood Energy LLC (6778); Fieldwood Energy Inc. (4991); Fieldwood Energy Offshore LLC (4494); Fieldwood Onshore LLC (3489); Fieldwood SD Offshore LLC (8786); Fieldwood Offshore LLC (2930); FW GOM Pipeline, Inc. (8440); GOM Shelf LLC (8107); Bandon Oil and Gas GP, LLC (9172); Bandon Oil and Gas, LP (9266); Fieldwood Energy SP LLC (1971); Galveston Bay Pipeline LLC (5703); and Galveston Bay Processing LLC (0422).

[2] This figure represents income from operations plus depreciation, depletion and amortization

[3] The Company has commenced collection efforts for approximately \$19.4 million of past due joint operating agreement related receivables

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
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[1] Case Name: FIELDWOOD ENERGY LLC, et al.
Case Number: 20-33948
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Petition Date: August 3 and August 4, 2020

MONTHLY OPERATING REPORT NOTES FOR AUGUST 2020

INTRODUCTION:

This monthly operating report ("MOR") is unaudited and does not purport to represent financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), and it is not intended to fully reconcile to the consolidated financial statements prepared by the Debtors. Information contained in this MOR has been derived from the Debtors' books and records, but does not reflect in all circumstances presentation for GAAP or SEC reporting purposes. Therefore, in order to comply with their obligations to provide MORs during these chapter 11 cases, the Debtors have prepared this MOR using the best information presently available to them, which has been collected, maintained, and prepared in accordance with their historical accounting practices. Accordingly, this MOR is true and accurate to the best of the Debtors' knowledge, information, and belief, based on currently-available data. The results of operations and financial position contained herein are not necessarily indicative of results that may be expected for any period other than full calendar month-ending August 31, 2020, or for the full year, and may not necessarily reflect the Debtors' future consolidated results of operations and financial position.

RESERVATION OF RIGHTS:

This MOR is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Debtors' chapter 11 cases. The unaudited financial statements have been derived from the Debtors' books and records. The information presented herein has not been subject to all procedures that typically would be applied to financial information presented in accordance with GAAP. Upon the application of such procedures, the Debtors believe that the financial information could be subject to material change. The information furnished in this MOR includes normal recurring adjustments, but does not include all of the adjustments that typically would be made for interim financial statements presented in accordance with GAAP.

GLOBAL NOTES:

Given the complexity of the Debtors' business, inadvertent errors or omissions may have occurred. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability, or executory nature of any claim amount, agreement, representation, or other statement set forth in this MOR. Further, the Debtors reserve the right to amend or supplement this MOR, if necessary, but shall be under no obligation to do so.

NOTES TO MOR 2 - 3:

Liabilities Subject to Compromise ("LSTC"): LSTC represent the Debtors' estimate of pre-petition claims to be resolved in connection with the chapter 11 cases. As a result of the chapter 11 filings, the payment of pre-petition liabilities are subject to compromise or other treatment under a plan of reorganization. The determination of how such liabilities will ultimately be settled or treated cannot be made until the Bankruptcy Court approves a chapter 11 plan of reorganization. Accordingly, the ultimate amount of such liabilities is not determinable at this time. Prepetition liabilities that are subject to compromise under ASC 852 are preliminary and may be subject to, among other things, future adjustments depending on Court actions, further developments with respect to disputed claims, determinations of the secured status of certain claims, the values of any collateral securing such claims, rejection of executory contracts, continued reconciliation or other events.

Values in the consolidated balance sheet represent rounded numbers. Accordingly, subtotals may not agree to the summation of the rounded numbers presented.

NOTES TO MOR-5:

The accounts payable and accounts receivable agings are presented on a consolidated basis for the Debtors.

NOTES TO MOR-6:

The income statement is presented on a consolidated basis for the Debtors. The information provided in the income statements reflect activity for the full calendar month-ending August 31, 2020.

Values in the consolidated income statement represent rounded numbers. Accordingly, subtotals may not agree to the summation of the rounded numbers presented.

NOTES TO MOR-8:

Although payment of prepetition claims is generally not permitted, the Bankruptcy Court has authorized the Debtors to pay certain prepetition claims in designated categories. This relief generally was designed to preserve the value of the Debtors' business and assets. The Debtors have paid and continue to pay undisputed postpetition obligations in the ordinary course of business.

NOTES TO MOR-9:

The list of insiders is consistent with public disclosures and other filings associated with the Debtors' chapter 11 cases. The listing of any party as an "insider" is neither intended to be nor should be construed as a legal characterization of such party as an "insider," as such term is defined in section 101(31) of the Bankruptcy Code, and it does not act as an admission or waiver of any fact, right, claim, or defense, and all such rights, claims, and defenses are hereby expressly reserved.

Notes:

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Dynamic Offshore Resources NS, LLC (0158); Fieldwood Energy LLC (6778); Fieldwood Energy Inc. (4991); Fieldwood Energy Offshore LLC (4494); Fieldwood Onshore LLC (3489); Fieldwood SD Offshore LLC (8786); Fieldwood Offshore LLC (2930); FW GOM Pipeline, Inc. (8440); GOM Shelf LLC (8107); Bandon Oil and Gas GP, LLC (9172); Bandon Oil and Gas, LP (9266); Fieldwood Energy SP LLC (1971); Galveston Bay Pipeline LLC (5703); and Galveston Bay Processing LLC (0422).

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
Houston Division

Case Name: FIELDWOOD ENERGY LLC, et al.

Petition Date: August 3 and August 4, 2020

Case Number: 20-33948

Month: August 2020

CONSOLIDATED BALANCE SHEET
Ending Balance at August 31, 2020

in \$ thousands

Current assets:

Cash and cash equivalents [1]	\$ 181,882
Accounts receivable-operating revenues	40,998
Accounts receivable-jib [2]	33,316
Accounts receivable - other [3]	9,786
Inventory	36,685
Prepays	16,647
Other current assets	27,370
Total current assets	\$ 346,684

Other assets:

Property, plant and equipment	\$ 4,325,180
Accumulated depreciation, depletion, and impairment	(1,718,594)
Financing costs	7,809
Restricted cash [4] [5]	254,010
Long-term contractual receivable	52,520
Other assets	62,850
Total noncurrent assets	\$ 2,948,296
Total assets	\$ 3,330,459

Notes:

[1] A \$2K adjustment will be booked in September to adjust for a misclassified journal entry in August.

[2] AR balance includes certain clearing accounts and is shown net of allowance for doubtful accounts

[3] Other accounts receivable includes operating expenses incurred by Fieldwood that have not yet been charged to expense or capital or billed to working interest parties

[4] Includes long-term deposits the Company has made with primarily pipeline companies as a requirement of conducting business with these companies

[5] \$47K adjustment to interest income will be reversed in September to adjust for overbooked interest income in August

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
Houston Division

MOR - 3

Case Name: FIELDWOOD ENERGY LLC, et al.

Petition Date: August 3 and August 4, 2020

Case Number: 20-33948

Month: August 2020

CONSOLIDATED BALANCE SHEET
Ending Balance at August 31, 2020

*in \$ thousands***Current liabilities:**

Trade accounts payable	\$ 1,253
Trade accounts payable clearing [1]	5,504
Accounts payable	6,756
Accrued liabilities	85,825
Accrued interest	29
Current portion of asset retirement obligations	30,703
DIP financing	10,000
Other current liabilities	330
Total current liabilities	\$ 133,643

Other liabilities:

Asset retirement obligations	\$ 1,188,561
Deferred income taxes [2]	53,934
Other long-term obligations	782
Liabilities subject to compromise	2,158,260
Total liabilities	\$ 3,535,181

Members' capital:

Contributions	\$ 743,366
Earnings	(1,004,255)
Other members' capital	(84)
Noncash stock compensation	56,251
Total members' equity	(204,722)

Total liabilities and members' equity	\$ 3,330,459
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Notes:

[1] Temporary clearing account for transactions that are to be transferred to another account. This account does not reflect true accounts payable liabilities.

[2] Deferred income tax is net of a valuation allowance of \$255.9 million

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
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MOR - 4

Case Name: FIELDWOOD ENERGY LLC, et al.

Petition Date: August 3 and August 4, 2020

Case Number: 20-33948

Month: August 2020

SCHEDULE OF POST-PETITION LIABILITIES

in \$ thousands

	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
TRADE ACCOUNTS PAYABLE	\$ 1,253					
TAXES PAYABLE: [1]						
Severance tax payable	22					
State income tax payable	213					
Other taxes payable	133					
SECURED DEBT POST-PETITION	10,000					
OTHER ACCRUED LIABILITIES:						
Accrued interest	29					
Accrued transportation	2,031					
Accrued LOE liability	22,709					
Accrued R&M	4,515					
Accrued P&A	3,299					
Accrued Workover	148					
Accrued capex liability	1,222					
Accrued bonus payroll	1,760					
Accrued payroll, benefits, and G&A	6,162					
OTHER LIABILITIES [2]	1,891					
TOTAL POST-PETITION LIABILITIES [3][4]	\$ 55,387					

Notes:

[1] Excludes deferred income tax of \$53.9 million. Deferred income tax is net of a valuation allowance of \$255.9 million

[2] Includes unearned revenue, oil/gas imbalances and other AP clearing account balances

[3] Excludes amounts in the owner advances payable, asset retirement obligations and trade accounts payable clearing accounts that accrued pre-petition or are liabilities not subject to compromise

[4] Excludes royalties accrued in the post-petition period which will be paid to owners in accordance with the JIB motion

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MOR - 5

Case Name: FIELDWOOD ENERGY LLC, et al.

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Case Number: 20-33948

Month: August 2020

AGING OF POST-PETITION LIABILITIES [1]

in \$ thousands

	DAYS	TOTAL	TRADE ACCTS	SEVERANCE TAX	STATE INCOME TAX	OTHER TAXES
	0-30	\$ 1,525	\$ 1,156	22	213	133
[2]	31-60	84	84			
[3]	61-90	12	12			
	91+	-	-			
	Total	\$ 1,622	\$ 1,253	\$ 22	\$ 213	\$ 133

AGING OF ACCOUNTS RECEIVABLE [4]

in \$ thousands

Month	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
0-30	\$ 12,219					
31-60	5,821					
61-90	4,134					
91+	9,463					
Total	\$ 31,638					

Notes:

[1] Per FN [1] in MOR-3, excludes trade accounts payable clearing account for transactions that are to be transferred to another account

[2] Includes a \$76K invoice that was voided and an \$8K invoice that was paid. Aging date is based on invoice receipt date. Invoices were reflected as payables in August financials

[3] The Company is in the process of evaluating this invoice related to an annual renewal for 8/31/2020 - 8/31/2021. Invoice was reflected as payable in August financials. Aging date is based on invoice receipt date.

[4] Excludes operating revenues receivable and other accounts receivable. The operating revenues receivable account reflects 2 months of estimated accrued receivables for the Company's operating and non-operating interests. Other accounts receivable primarily includes operating expenses incurred by the Company that have not yet been charged to expense or capital, or billed to working interest parties.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
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MOR - 6

Case Name: FIELDWOOD ENERGY LLC, et al.

Petition Date: August 3 and August 4, 2020

Case Number: 20-33948

Month: August 2020

CONSOLIDATED INCOME STATEMENT
For the period of August 1, 2020 through August 31, 2020

*in \$ thousands***Oil and gas revenues:**

Oil revenues	\$ 29,447
Gas revenues	3,470
Liquids revenues	1,137
Other revenues	2,579
Total revenues	\$ 36,633

Costs and expenses:

Lease operating expense	\$ 20,351
Repairs and maintenance	5,682
Severance Tax	22
Transportation expense	2,214
Workover expense	184
Depreciation, depletion and amortization	19,929
Accretion expense	7,832
Other operating	1,230
Insurance expense	3,038
Restructuring charges	669
General and administrative expense	2,112
Total costs and expenses	\$ 63,263

Income from operations	\$ (26,630)
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Other income (expense):

Interest income	\$ 477
Interest expense	(11,923)
Derivative settlements - interest rate	2,157
Reorganization items	(2,768)
Other	(328)
Net income	\$ (39,015)
Income tax (expense) benefit	(17)
Net income	\$ (39,032)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
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MOR - 7

Case Name: FIELDWOOD ENERGY LLC, et al.

Petition Date: August 3 and August 4, 2020

Case Number: 20-33948

Month: August 2020

CONSOLIDATED CASH RECEIPTS AND DISBURSEMENTS
For the Period Ending August 31, 2020

*in \$ thousands***Operating Receipts:**

Receipts	\$ 74,771
Total Operating Receipts	74,771

Operating Disbursements:

Payroll	5,533
Benefits	1,484
Interest Owner	315
JIB Non-Operating	1,592
LOE	2,900
Transportation	588
Taxes	131
Insurance/Surety	8,018
G&A	645
Other	86
Total Operating Disbursements	\$ 21,292

Operating Cash Flow**\$ 53,479**

Interest & Fees	827
Restructuring Professional Fees	244
Interest Earned [1]	(52)
Cash Call	3,532
Restricted Cash Long Term Deposits	178
DB FINCO return of funds #2558	211
Total Disbursements	\$ 26,233

Net Cash Flow**\$ 48,538****Beginning Book Cash Balance****\$ 386,632**

Net Cash Flow Operating Account

48,538

Plus: Voided Checks

723

Ending Book Cash Balance**\$ 435,892****Notes:**

[1] Excludes a \$47K adjustment to interest income that will be booked in September to adjust for overbooked interest income in August

UNITED STATES BANKRUPTCY COURT
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MOR - 8

Case Name: FIELDWOOD ENERGY LLC, et al.

August 3 and August 4, 2020

Case Number: 20-33948

Month: August 2020

CASH ACCOUNT RECONCILIATION

In \$ thousands

Account Type	Operating	Revenue	FSA	Bankruptcy- Related Utilities	Restricted Cash Trust "A"	Escrow Account – Fieldwood Energy LLC	Escrow Account – Fieldwood Energy LLC	FINCO Collections Account	Deposits - Long Term [2]	Total [3]
Bank Name	Capital One	Capital One	Capital One	Capital One	Wilmington Trust [1]	US Bank	J.P. Morgan	Deutsche Bank	N/A	
Account Number	x2209	x4666	x2306	x0534	x5000	x6000	x5624	x2558	N/A	
Bank Balance	\$ 64,379	\$ 117,345	\$ -	\$ 331	\$ 238,515	\$ 786	\$ 8,249	\$ 0	\$ 6,414	\$ 436,018
Less: Outstanding Checks	(24)	(140)	(11)	-	-	-	-	-	N/A	(175)
Interest Income Adjustment [1]	-	-	-	-	47	-	-	-	-	47
Book Balance	\$ 64,355	\$ 117,205	\$ (11)	\$ 331	\$ 238,561	\$ 786	\$ 8,249	\$ 0	\$ 6,414	\$ 435,890
Beginning Cash Balance (Per Books)	\$ 69,844	\$ 62,447	\$ (9)	\$ 0	\$ 238,510	\$ 785	\$ 8,249	\$ 211	\$ 6,592	\$ 386,629
Plus: Receipts	19,730	55,041	-	-	51	1	0	-	(178)	74,644
Transfers Between Accounts	(340)	-	9	331	-	-	-	-	-	-
Less: Disbursements	(24,879)	(283)	(11)	-	-	-	-	(211)	-	(25,384)
Ending Cash (Per Books)	\$ 64,355	\$ 117,205	\$ (11)	\$ 331	\$ 238,561	\$ 786	\$ 8,249	\$ 0	\$ 6,414	\$ 435,890

Notes:

[1] Per footnote [5] in MOR-2, reflects interest income of \$47K that will be reversed out in September

[2] Per footnote [4] in MOR-2, reflects long-term deposits the Company has made with primarily pipeline companies as a requirement of conducting business with these companies

[3] Per footnote [1] in MOR-2, excludes \$2K misclassified journal entry which will be reversed in September

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
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MOR - 9

Case Name: FIELDWOOD ENERGY LLC, et al.

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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U. S. Bankruptcy Code) and the professionals. Also, for insiders identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary.)

in \$ thousands

INSIDERS	Type	8/4/20 - 8/31/20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Employee 1	Salary	\$ 31					
Employee 2	Salary	28					
Employee 3	Salary	23					
Employee 4	Salary	26					
Employee 5	Salary	23					
Employee 6	Salary	24					
TOTAL INSIDERS (MOR-1)		\$ 154					

in \$ thousands

PROFESSIONAL		8/4/20 - 8/31/20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Opportune LLP		\$ 180					
TOTAL PROFESSIONALS (MOR-1)		\$ 180					